



April 6, 2012

Ms. Sharon Gillett
Chief, Wireline Competition Bureau
Federal Communications Commission
445 Twelfth Street, S.W.
Washington, D.C. 20554

**Re: WC Docket Nos. 10-90, 07-135, 05-337, 03-109; CC Docket Nos. 01-92, 96-45; GN
Docket Nos. 09-51; Written Ex Parte Communication**

Dear Ms. Gillett:


Blue Valley Tele-Communications, Inc. ("Blue Valley"), a cooperative in Kansas, hereby notifies the Federal Communications Commission ("FCC") of its intent to seek waiver of rules limiting reimbursable capital and operating costs if the Wireline Competition Bureau adopts the proposed quantile regression analysis ("QRA") methodology for High Cost Loop Support and Interstate Common Line Support. This methodology is currently under consideration in the Further Notice of Proposed Rulemaking ("FNPRM") in the USF-ICC order.


Blue Valley's cost consultants have calculated the results of the FNPRM and have projected funding loss of approximately 28% of total regulated revenues. This reduction in funding (effective July 1, 2012) is primarily due to a flaw in the QRA caps that penalizes companies who have been diligent to bring advanced services to rural areas. Blue Valley's completion of an upgraded network was necessary to provide reliable telecommunications and broadband services to its members.

In order to complete the needed network upgrade, Blue Valley applied for loans from RUS and in that process demonstrated to RUS that it would have the ability to repay those loans relying on existing rules established in the Communications Act of 1934 and the Telecommunications Act of 1996. The network was built to RUS standards and completed to RUS's satisfaction in 2010.

While the waiver process as outlined in the USF-ICC Order would be a huge burden on a company of our size, Blue Valley would have no other recourse but to pursue this option in light of the magnitude of the anticipated loss in federal universal service funding – which will seriously impact our ability to repay our RUS loan obligations within two years of implementation.¹

Sincerely,


Dennis Doyle
GM/CEO


Terry Force
President

¹ See Comments of Blue Valley Telecommunications; WC Docket No. 10-90 et al., January 18, 2012.